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February 13, 2001

NEW CASE

HAND DELIVERY

Commissioners
Idaho Public Utilities Commission
472 W. Washington
PO Box 83720
Boise, ID 83720-0074

CAM-T-01-01

RE: Case No. U-1017-23, Order 20127
Request for Authorization to Request Fund Advance and for Modification of
Order 20127

Dear Commissioners:

I am writing on behalf of Cambridge Telephone Company ("Cambridge") concerning the above-referenced order (copy attached), which was issued by the Commission on November 15, 1985. In that order, the Commission authorized Cambridge to borrow up to \$931,000 from the Rural Electrification Administration (now Rural Utilities Service "RUS") at a rate of 5% (the "RUS Loan").

The RUS Loan funds were used to finance construction of telephone and related facilities in the Cuprum, Indian Valley and Lowman exchanges. A condition of the approval was that "none of the proceeds of this loan may be used to construct or improve facilities without obtaining prior approval of [the] Commission." Order at 4. To date, there remains approximately \$653,000 of unadvanced funds which Cambridge wishes to draw on now and in the near future as expenses are incurred for the following improvements: (1) replacement of the microwave system that serves the Lowman area (approximately \$225,000); and (2) upgrade service to Goodrich area via construction of 2 fiber optic systems to replace existing microwave. Advances would be requested from RUS on an ongoing basis as work orders/invoices are received by Cambridge, with an immediate advance of approximately \$225,000 being requested for the costs of the Lowman microwave replacement.

February 13, 2001

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Because of the time that has elapsed since Cambridge requested advances under the RUS Loan, RUS is requiring that Cambridge enter into the attached Basis Date Agreement, which confirms the repayment schedule for future advances under the RUS Loan. The Basis Date Agreement does not change any other terms of the RUS Loan. In connection with the Basis Date Agreement, RUS requires a legal opinion that all necessary approvals have been obtained.

Cambridge, therefore, is requesting that the Commission authorize Cambridge to obtain further advances under the RUS Loan, and that the condition in the Commission's Order 20127 requiring specific approval of each advance be rescinded. Cambridge also respectfully requests that the Commission take this action on an expedited basis by minute entry or, if necessary, under modified procedure.

Thank you in advance for your consideration of this request. Please advise me immediately if the Commission will require additional information in connection with this request.

Sincerely,



Michael C. Creamer

MCC:caw

Enclosures

cc: Jean Jewel, Commission Secretary (via hand delivery)
Rick Wiggins (via U.S. Mail)
Terri Carlock (via hand delivery)

S:\CLIENTS\1256\27\IPUC Loan Advance Authorization Request.wpd

NOV 15 1985

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE PETITION BY)
CAMBRIDGE TELEPHONE COMPANY SEEK-)
ING APPROVAL FOR AN REA LOAN TO)
EXPAND AND UPGRADE TELEPHONE)
SERVICE.)
_____)

CASE NO. U-1017-23

ORDER NO. 20127

On October 24, 1985, Cambridge Telephone Company applied to this Commission for approval to borrow money from the Rural Electrification Administration (REA) in the amount of \$931,000 at a 5% annual interest rate.

The application described the purposes to which the proceeds of the loan would be put as construction of 61 miles of new line to serve 218 new subscribers on a one-party basis and to provide related system improvements such as digital switches at Cuprum, Indian Valley and Lowman; construction of a new central office in Indian Valley; and payment of engineering fees. The application further stated:

In seeking this petition for approval of this loan, Petitioner acknowledges the change in environment, circumstances and uncertainty that presently exists in the telephone industry and specifically consents herein to not expend any of the loan funds herein requested to be approved until such time as the telephone industry stabilizes and the specific need demands the expenditure of the funds and Petitioner seeks specific approval for the specific project from the Commission in order to ensure the necessity of the expenditures and the ability to include such expenditures in petitioner's rate base for calculation of revenue requirements. In this regard the petitioner request[s] the Commission to recognize that loan approval under the REA funding arrangements has been obtained for the designated projects herein specified and that once

Commission approval is obtained, the documents will be executed and returned to REA. The funds designated under this loan agreement thereafter are not required to expended for five years allowing petitioner sufficient time to carefully analyze the changing telephone circumstances and seek prior approval for specific projects from the Commission prior to actual expenditure of any of the funds thereunder. With this understanding, Petitioner seeks only general approval for the opportunity to solidify the potential of borrowing the \$931,000 at 5% at any time within the next five years, subject to specific prior approval by the Commission for the expenditures then anticipated.

FINDINGS OF FACT

I

Cambridge Telephone Company is a telephone corporation of the State of Idaho with its principal office at Cambridge, Idaho.

II

Cambridge proposes to borrow up to \$931,000 from the Rural Electrification Administration (REA) at annual interest rate of 5%.

III

Cambridge proposes to use such proceeds of the loan as it may borrow to improve or expand physical plant or conduct engineering studies, but will not use the borrowed funds for new plant investment without receipt of the specific approval of the project by this Commission.

IV

Cambridge has paid the necessary fees.

CONCLUSIONS OF LAW

I

Cambridge Telephone Company is a telephone corporation qualified to do business in the State of Idaho and subject to this Commission's regulation.

II

Cambridge's application for approval to borrow money from the Rural Electrification Administration is within this Commission's jurisdiction by virtue of *Idaho Code* §61-901 *et seq.*

III

The proposed incurrence of debt by Cambridge as authorized by this Order will be for a lawful purpose in accordance with and permitted by the provisions of the governing statutes under which the application is made. Incurrence of the debt and use of those funds as described in Cambridge's application is consistent with the public interest and necessary or appropriate for or consistent with proper performance by Cambridge of its service as a public utility.

O R D E R

IT IS THEREFORE ORDERED that Cambridge Telephone Company be, and the same hereby is, authorized to borrow money from the Rural Electrification Administration (REA) in the amount of up to \$931,000 at an annual interest rate of 5%.

IT IS FURTHER ORDERED that none of the proceeds of this loan may be used to construct or improve telephone plant without obtaining the prior approval of this Commission.

IT IS FURTHER ORDERED that Cambridge must file, as soon as practicable, copies of the final loan transaction entered into between it and the Rural Electrification Administration.

IT IS FURTHER ORDERED that the foregoing authorization is without prejudice to the regulatory authority of this Commission with respect to rates, utility capital structure, service, accounts, evaluation, estimates for determination of cost or any other matter that may come before this Commission pursuant to its jurisdiction and authority as provided by law.

IT IS FURTHER ORDERED that nothing in this Order and no provisions of Title 61, Chapter 9, *Idaho Code*, or any other act or deed done or performed in connection therewith shall be construed to obligate the State of Idaho to pay or guarantee in any manner whatsoever any security authorized, issued, assumed, or guaranteed under the provisions of Title 61, Chapter 9, *Idaho Code*.

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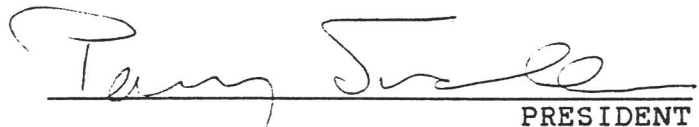
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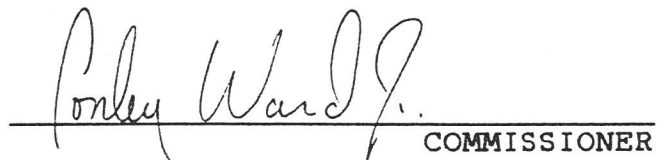
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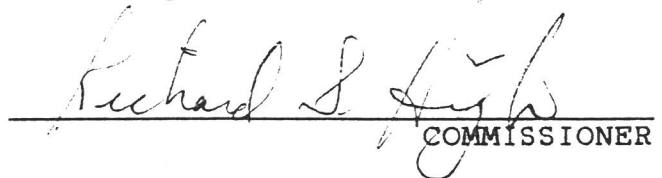
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DONE by Order of the Idaho Public Utilities Commission at
Boise, Idaho, this day of November, 1985.


PRESIDENT


COMMISSIONER


COMMISSIONER

ATTEST:


ASSISTANT SECRETARY

mg/vs/354L

Basis Date Agreement
RUS Telephone Loan
Fixed Interest Rate

11/94

RUS Project Designation:

Idaho 512 - F8 Cambridge

AGREEMENT

between

UNITED STATES OF AMERICA

and

Cambridge Telephone Company

Dated as of August 30, 2000

UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL UTILITIES SERVICE

No. 1

Basis Date Agreement
RUS Telephone Loan
Fixed Interest Rate

11/94

AGREEMENT, made as of **August 30, 2000**, pursuant to the Rural Electrification Act of 1936, as amended (7 U.S.C. 901 et seq.), (hereinafter called the "Act"), between the UNITED STATES OF AMERICA (hereinafter called the "Government"), acting through the Administrator of the Rural Utilities Service, successor to the Administrator of the Rural Electrification Administration (hereinafter called the "Administrator"), and **Cambridge Telephone Company**, (hereinafter called the "Corporation"), a corporation existing under the laws of the State of **Idaho**.

WHEREAS, pursuant to Public Law No. 103-354, the Rural Utilities Service (hereinafter sometimes called "RUS") is the successor of the Rural Electrification Administration (hereinafter sometimes called "REA") and the Administrator of the Rural Utilities Service is the successor of the Administrator of the Rural Electrification Administration and, for purposes of the loan contract, as amended, and the note, the terms "REA" and "Administrator" shall be deemed to mean respectively "RUS" "Administrator of the RUS";

WHEREAS, the Corporation and the Government are parties to a telephone loan contract, as amended (hereinafter called the "Loan Contract"), further described in the Note defined in the next recital; and

WHEREAS, the Corporation to evidence a loan made by the Government to the Corporation pursuant to the Loan Contract, executed and delivered the following described mortgage note or bond (hereinafter called the "Note") payable to the order of the Government:

<u>DATE</u>	<u>PRINCIPAL AMOUNT</u>	<u>FINAL MATURITY DATE</u>
November 18, 1985	\$931,000	November 18, 2020

and

WHEREAS, a portion (hereinafter called the "Principal Balance") of the principal amount of the Note has not been advanced to the Corporation as of the date of this Agreement; and

WHEREAS, the Government and the Corporation propose that the Government advance to the Corporation from time to time in accordance with the Act, and the Loan Contract, one or more amounts totaling not more than the Principal Balance (each such advance being herein referred to as an "Advance"); and

Basis Date Agreement
RUS Telephone Loan
Fixed Interest Rate

11/94

NOW, THEREFORE, for and in consideration of the mutual agreements herein contained, the Government and the Corporation agree as follows:

SECTION 1. Each Advance shall be repaid in full with interest hereon, at the rate of **five (5) percent** per year, in installments as hereinafter provided, no later than the Final Maturity Date.

SECTION 2. The Corporation shall make a payment (a "Monthly Payment") on each Advance on the last day of each month (hereinafter called the "Monthly Payment Date") beginning with the last day of the first full month following the date of the Advance. Every Monthly Payment shall be (a) substantially equal to every other Monthly Payment and (b) in an amount that will pay all principal and interest of such Advance no later than the last Monthly Payment Date before the Final Maturity Date. The first Monthly Payment Date shall be increased by the amount of interest accruing between the date of the Advance and the first day of the month following the month of the Advance. Each Monthly Payment shall be applied first to the payment of interest on the Principal Balance and then on account of the Principal Balance. On the Final Maturity Date any portion of the Advance remaining unpaid and all interest thereon shall become due and payable.

SECTION 3. This Agreement shall not be effective unless and until the Corporation has obtained all authorizations required by law in order to permit the Corporation to execute this Agreement.

SECTION 4. All of the terms and conditions of the Note, of any mortgage, deed of trust or other instrument securing the Note, and of any other agreement to which the Government and the Corporation are parties, shall stand and remain unchanged and in full force and effect except only as specifically varied or amended by this Agreement.

SECTION 5. The invalidity of any one or more phrases, clauses, sentences, paragraphs, or provisions of this Agreement shall not affect any remaining portions thereof.

SECTION 6. This Agreement may be simultaneously executed and delivered in two or more counterparts, each of which so executed and delivered shall be deemed to be an original, and all shall constitute but one and the same instrument.

Basis Date Agreement
RUS Telephone Loan
Fixed Interest Rate

11/94

IN WITNESS WHEREOF the Government has caused this Agreement to be duly executed and the Corporation has caused this Agreement to be signed in its corporate name and its corporate seal to be hereunto affixed and attested by its officers thereunto duly authorized, all as of the day and year first written above.

UNITED STATES OF AMERICA

by

Assistant Administrator
Telecommunications Program
Rural Utilities Service

Executed by the Government
in the presence of:

Witnesses

(Seal)

Attest:

Secretary

Executed by the Corporation
in the presence of:

Witnesses

Cambridge Telephone Company

by

President